

Message Text

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DRAFTED BY: S/S-O:JM EALUM

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FM SECSTATE WASHDC

TO AMEMBASSY LONDON IMMEDIATE

UNCLAS STATE 244446

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THE FOL TEL FROM SECSTATE WASHDC DATED DEC 14, 1973
TO CAIRO IS REPTED:

QTE UNCLAS STATE 244446

TOSEC 140

E.O. 11652:

TAGS: VANRG

SUBJECT: EXPORT CONTROLS ON PETROLEUM PRODUCTS

REF: STATE 243568

FOR EAGLEBURGER FROM PICKERING

DELIVER OPENING OF BUSINESS DECEMBER 14

1. FOLLOWING IS TEXT OF EXPORT LIMITATION FACT SHEET
ISSUED AT WHITE HOUSE BRIEFING DEC 13 BY FEDERAL
ENERGY ADMINISTRATOR SIMON. TEXT OF COMMERCE
DEPT NOTICE PUBLISHED IN FEDERAL REGISTER FOLLOWS
SEPARATE TELEGRAM.

BEGIN TEXT.

2. PROGRAM DESCRIPTION

TODAY DRAFT PROGRAM REGULATIONS WERE PUBLISHED IN THE
FEDERAL REGISTER FOR A PROGRAM THAT WOULD LIMIT EXPORTS
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AND ENSURE THEY DO NOT RISE SHARPLY DURING THE CURRENT

CRISIS. THE AIM OF THE PROGRAM IS TO AVOID MAJOR INCREASES IN FLOW OF PETROLEUM PRODUCTS OUT OF THE COUNTRY WHILE NOT INTERFERING WITH NORMAL PAST TRADE PATTERNS. AS CURRENTLY DRAFTED THE PROGRAM WOULD LIMIT EXPORTS ON THE BASIS OF INDIVIDUAL PRODUCT, EXPORTER AND COUNTRY OF DESTINATION RELATIVE TO SOME BASELINE YEAR. A DECISION HAS NOT YET BEEN MADE ON THE BASELINE YEAR TO BE USED.

3. NO DATE HAS BEEN SET FOR PROGRAM IMPLEMENTATION. THE PROGRAM HAS BEEN PUBLISHED IN THE REGISTER IN ORDER

TO ELICIT INDUSTRY COMMENT AND TO FORM THE BASIS FOR IMMEDIATE CONSULTATION WITH THOSE COUNTRIES THAT WOULD BE AFFECTED. THIS ACTION WAS TAKEN IN ORDER TO COMPLY WITH TWO BILLS RECENTLY PASSED BY CONGRESS AND SIGNED INTO LAW.

4. - THE ALASKAN PIPELINE ACT WHICH DIRECTS THAT DOMESTICALLY PRODUCED CRUDE OIL SHOULD NOT BE EXPORTED UNLESS FAILURE TO DO SO WILL REDUCE THE QUANTITY AND/OR QUALITY OF PETROLEUM AVAILABLE FOR DIRECT U.S. CONSUMPTION.

5. - THE EMERGENCY ALLOCATION ACT OF 1973 WHICH DIRECTS THAT ALL PETROLEUM PRODUCTS WILL BE TOTALLY ALLOCATED FOR USE WITHIN THE U.S. TO THE EXTENT PRACTICABLE AND NECESSARY.

6. THE DRAFT PROGRAM WILL COVER ONLY THOSE FUELS NOW ALLOCATED UNDER THE BASIC ALLOCATION PROGRAM ALSO PUBLISHED IN THE FEDERAL REGISTER TODAY (SEE LIST BELOW).

7. IMPLEMENTATION

THE PROGRAM WOULD BE IMPLEMENTED THROUGH THE DEPARTMENT OF COMMERCE EXPORT LICENSING SYSTEM AND UNDER THE AUTHORITY OF THE EXPORT ADMINISTRATION ACT OF 1969.

8. OVER THE NEXT SEVERAL WEEKS INTENSIVE CONSULTATION UNCLASSIFIED

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WITH FOREIGN COUNTRIES AND DOMESTIC INDUSTRY ALIKE WILL BE CARRIED OUT.

9. EFFECTIVE IMMEDIATELY, AN EXPORT LICENSING SYSTEM WILL BE PLACED INTO EFFECT. THIS SYSTEM IS NOT DESIGNED TO LIMIT EXPORTS BUT WILL MONITOR EXPORT FLOWS. IF THESE FLOWS BECOME EXCESSIVE ACTION WILL BE TAKEN.

10. QUANTITY OF HISTORIC EXPORTS

IN THE PAST TEN MONTHS OF 1973 AND IN THE PAST, THE EXPORT OF CRUDE OIL PETROLEUM PRODUCTS HAS BEEN LIMITED TO VERY SMALL QUANTITIES. FOR EXAMPLE FUELS EXPORTED HAVE AMOUNTED TO LESS THAN 0.2 PERCENT OF TOTAL U.S. PETROLEUM CONSUMPTION.

11. SOME SUMMARY DATA ARE GIVEN BELOW.

12. U.S. PETROLEUM FUEL EXPORTS (1)

(THOUSANDS OF BARRELS)

COUNTRY	1972	PERCENTAGE OF JAN-OCT 1973 CONSUMPTION	3
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CANADA	3,589	3,840	0.7
JAPAN	99,	1,634	0.1
MEXICO	2,853	3,724	2.0
EUROPE	2,340	1,180	NEGLIGIBLE
OTHER(2)	4,038	2,990	NEGLIGIBLE

TOTAL	13,411	13,368	
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(1) INCLUDE : RESIDUAL FUEL OIL, DISTILLATES, JET FUEL, KEROSENE, GASOLINE AND CRUDE.

(2) INCLUDES: SOUTH AMERICA, CARRIBEAN AND ASIA.

(3) DEPARTMENT CALCULATION; NOT IN ORIGINAL FACT SHEET.

13. SOURCE: DEPARTMENT OF COMMERCE.

14. PETROLEUM EXPORTS COVERED UNDER PROGRAM.

CRUDE PETROLEUM

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PETROLEUM PARTLY REFINED FOR FURTHER REFINING

AVIATION GAS

GASOLINE NEC (INCLUDING NATURAL GASOLINE)

GASOLINE BLENDING AGENTS

KEROSENE

JET FUEL

DISTILLATE FUEL OILS

RESIDUAL FUEL OILS

BUTANE

PROPANE

NATURAL GAS LIQUIDS (INCLUDING LPG)

15. ITEMS TO BE MONITORED (1)

AVIATION ENGINE LUBRICATING OIL

JET ENGINE LUBRICATING OIL
AUTOMOTIVE, DIESEL, AND MARINE LUBRICATING OIL
TURBINE LUBRICATING OIL
AUTOMATIC GEAR OILS
RED AND PALE OILS
BRIGHT STOCK

BLACK OILS
STEAM CYLINDER OILS
LUBRICATING OILS (NEC)
LUBRICATING GREASES
PETROLEUM JELLY
MICRO CRYSTALLINE WAX
PARAFFIN WAX
NAPHTHA AND MINERAL SPIRITS
INSULATING AND TRANSFORMER OILS
QUENCHING OR CUTTING OILS
WHITE MINERAL OILS
OTHER NON-FUEL OR NON-LUBRICATING PETROLEUM OILS
PITCH FROM PETROLEUM REFINING
PITCH COKE
PETROLEUM COKE
PETROLEUM ASPHALT
PETROLEUM AND SHALE OILS RESIDUE NEC
PAVING MIXTURES
TAR COATING CEMENTS AND MIXES
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(1) REPORTS REQUIRED ON A MONTHLY OR MORE FREQUENT BASIS.
END TEXT

16. IN EXPLAINING PROGRAM AT WHITE HOUSE BRIEFING TODAY,
SIMON STRESSED THAT OBJECTIVE IS TO AVOID MAJOR INCREASES
IN EXPORTS WHILE ALSO AVOIDING DISTORTIONS OF CURRENT
TRADE PATTERNS. HE ALSO EMPHASIZED THAT PROGRAM PUB-
LISHED IN FEDERAL REGISTER TODAY WAS DESIGNED AS A BA CONSULTATIONS
WITH FOREIGN GOVERNMENTS CONCERNED. RUSH
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